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AND LABOR

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September 19, 2019

The Honorable Robert C. "Bobby" Scott
Chairman

Committee on Education and Labor
2176 Rayburn House Office Building
Washington, DC 20515

The Honorable Frederica Wilson
Chairwoman

Subcommittee on Health, Employment,
Labor, and Pensions
2176 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Scott and Chairwoman Wilson:

We are writing to request the Committee on Education and Labor (Committee) hold a public hearing on the ongoing federal investigation of the United Auto Workers (UAW) union for violating the *Labor Management Relations Act* (LMRA). Given this Committee's jurisdiction over the LMRA and other federal statutes governing labor-management relations, we believe it is essential the Committee confront the widespread, brazen lawbreaking by union leaders who purport to represent nearly 150,000 American autoworkers but have betrayed their trust in favor of self-enrichment. Examining this scandal is particularly important given the Committee's intent to advance H.R. 2474, the *Protecting the Right to Organize Act of 2019*, which is far-reaching legislation aimed at significantly increasing the coercive power of labor leaders and decreasing their accountability, risking similar episodes of corruption and wrongdoing in the future.

Since 2017, federal investigators have uncovered more than a decade of rampant corruption among the senior ranks of the UAW, which has included money laundering, tax fraud, bribery, and embezzling workers' hard-earned union dues for lavish personal expenses.¹ The ongoing and expanding investigation has involved the FBI, the Department of Labor (DOL), and the Internal Revenue Service; necessitated raids in four states; and resulted in ten indictments thus far. The corruption isn't confined to low-level staff as demonstrated by a former UAW vice president's

¹ Nora Naughton, *Former UAW Official Pleads Guilty in Federal Probe of Union Corruption*, WALL ST. J., Sept. 4, 2019.

criminal conviction and prison sentence as well as the recent FBI raid of the current UAW president's home.

According to the Wall Street Journal, the misconduct has infected the union's collective bargaining negotiations with Fiat-Chrysler and General Motors (GM) going as far back as 2009. Therefore, it would appear that for the last 10 years, tens of thousands of American workers were depending on the UAW as their exclusive bargaining representative while the UAW's senior leadership was selling them out by accepting contract concessions on behalf of workers in exchange for extravagant personal benefits for themselves.²

In addition to accepting illegal payments from the companies with which they were negotiating, UAW officials also stole from a workforce development fund partially paid for by workers' union dues. The UAW and Fiat-Chrysler Automobiles jointly fund the UAW-Chrysler National Training Center (NTC), a trust intended "to help workers achieve success on and off the job."³ Union leaders misused over \$4.5 million of NTC funds to pay for outrageous personal expenses such as a \$350,000 Ferrari, two \$37,500 pens, hundreds of thousands of dollars in private home improvements and mortgage payments, and a \$30,000 party that featured strolling models sparking attendees' cigars.⁴ While union executives were kept "fat, dumb, and happy" according to federal investigators, rank-and-file autoworkers were kept in the dark about how their union leaders were spending the hard-earned dollars they paid in union dues.⁵ An Assistant U.S. Attorney wrote in a sentencing memorandum stemming from the investigation that "there was a culture of corruption inside the senior leadership of the United Auto Workers union."⁶

Needless to say, the nearly 150,000 workers covered by UAW-negotiated contracts have reason to question whether the union has their best interests in mind as it renegotiates this month with Ford, GM, and Fiat-Chrysler. Fortunately, workers at the so-called "Big Three" Michigan auto plants have recourse; thanks to Michigan's 2013 right-to-work law, workers cannot be forced to pay dues to a union as a condition of employment. Clearly, many are exercising their right to refrain, as the UAW lost more than 35,000 members in 2018, representing an eight percent decline of its overall membership.⁷

The right of workers to decide for themselves whether to join and pay a union is a crucial part of the First Amendment's freedom of association. This guarantee is even more critical when the union in their workplace becomes corrupt, as in the case of the UAW, and misuses workers' union dues.

The legislation currently under consideration by this Committee, H.R. 2474, would overturn the right-to-work law in Michigan and in the other 26 states with such laws. That means that workers

² Nora Naughton, *Federal Agents Search Home of United Auto Workers President*, WALL ST. J., Aug. 28, 2019.

³ UAW-CHRYSLER NAT'L TRAINING CTR., ABOUT NTC, <https://uawchrysler.com/about-ntc/>.

⁴ Press Release, U.S. Atty's Off., E. Dist. of Mich., Former FCA Executive and Wife of Former UAW Vice President Charged in Scheme to Pay Off UAW Officials (July 26, 2017); Robert Snell, *FCA training funds used for UAW exec's pricey '14 party*, DET. NEWS, Feb. 2, 2018.

⁵ Snell, *supra* note 4.

⁶ Robert Snell, *Court records: Fear of factory floor fed UAW corruption*, DET. NEWS, Nov. 5, 2018.

⁷ OFFICE OF LABOR-MGMT. STANDARDS, FORM LM-2 LABOR ORGANIZATION ANNUAL REPORT, <https://olms.dol-esa.gov/query/orgReport.do?rptId=698886&rptForm=LM2Form>.

who do not wish to join the union in their workplace would be forced to pay hundreds of millions of dollars a year to a labor union, regardless of whether its leaders were using those dues on collective bargaining and representation costs—like they are supposed to—or on sports cars, golf trips, and parties like they were at the UAW. Had H.R. 2474 been federal law over the past three years, even while their union was being investigated and exposed for these egregious misdeeds, workers would have been forced to pay the union.

Overturning state right-to-work laws is just one of the many concerning provisions in H.R. 2474 that would increase the risk of union corruption. The legislation also forces employers to turn over reams of workers' personal information to union organizers, including their home addresses, home phone numbers, cellphone numbers, personal email addresses, work email addresses, and more. H.R. 2474 undermines the right to a secret ballot election for union representation, exposing workers to harassment and intimidation from union organizers who have been given their personal information. It also massively expands how many workers would be exposed to such tactics by narrowing independent-contractor status, expanding joint employment, and legalizing secondary boycotts. Perhaps most egregiously, the legislation significantly increases punishments for businesses and corporate officers that violate the *National Labor Relations Act* (NLRA) but leaves union violations of the same law untouched.

H.R. 2474's reliance on coercion is clearly designed to increase the size and clout of labor unions, but this "wish-list" bill is the wrong approach. Union membership has plummeted because of a lack of accountability to workers by union leaders and a lack of resources devoted by labor unions to organizing activities. No change in law and no ruling from the National Labor Relations Board forced 35,000 workers to leave the UAW last year—the UAW's own failure to retain its members' trust drove these workers to leave.

Those workers who opt out of union membership are still required to accept the UAW's representation, minimizing the extent to which UAW's leadership is truly accountable to them. There is no automatic mechanism available for workers to vote periodically on whether they wish to keep the UAW as their exclusive bargaining representative, despite the ongoing investigation, demonstrated corruption, and resulting indictments. In fact, since the UAW organized the "Big Three" Detroit automakers more than 70 years ago, it has never stood for re-election, despite the complete turnover of the workforce.

To be clear, the UAW is embroiled in a criminal investigation so serious that the union could be forced into federal oversight by the *Racketeer Influenced and Corrupt Organizations* (RICO) Act. Yet, not a single one of the 150,000 workers represented by the UAW at the "Big Three" Detroit automakers has ever or likely will ever be given the opportunity to vote on whether they want the UAW—or any union—to represent them.

Of the roughly eight million workers represented by a union under the NLRA as of 2015, just six percent had ever voted for that union to represent them.⁸ This is a significant shortcoming of federal labor law, but rather than make unions more attractive to workers by improving union accountability, H.R. 2474 would aggravate the problem of forced unionism.

⁸ JAMES SHERK, UNELECTED REPRESENTATIVES: 94 PERCENT OF UNION MEMBERS NEVER VOTED FOR A UNION, HERITAGE FOUND. (Aug. 30, 2016).


Congressional Democrats have made H.R. 2474 a top legislative priority in the 116th Congress, and Democrat presidential candidates, many of whom have endorsed H.R. 2474, continue to stress its urgency. If Congress is to update federal labor law, then it must do so in a way that reduces, not increases, the risk of union corruption. To do so, this Committee must examine such corruption closely.

In light of the serious violation of a law that falls under the jurisdiction of this Committee, the outrageous abuse of workers' trust and hard-earned union dues, the Committee's consideration of legislation that would increase the risk of these abuses reoccurring, and the potential implications for workers nationwide, we request that you convene a public hearing on the scandal unfolding at the UAW by October 31, 2019. We look forward to examining this sprawling scandal and federal investigation in that public setting.

Sincerely,



Rep. Virginia Foxx
Ranking Member



Rep. Tim Walberg
Ranking Member
Subcommittee on Health, Employment,
Labor, and Pensions